

Non-Federal Workforce System Performance Measures in Texas

Background

Texas has pioneered systemic approaches to workforce service delivery and performance measurement for more than a decade, well before the provisions of the Workforce Investment Act were in place and the federal government began its efforts to establish common measures across workforce-related programs. Texas is currently moving beyond *common* measures towards more comprehensive *system* measures. Support for state and system performance measures has come from state agencies, the state legislature, local boards, and researchers. The Texas workforce system and its performance measures enjoy the backing of state law.

In 1993, the Texas Legislature passed Senate Bill 642, the Workforce and Economic Competitiveness Act, creating the Texas Council on Workforce and Economic Competitiveness (TCWEC, or the Council), authorizing the creation of local workforce development boards to replace existing Private Industry Councils, and mandating further state and local plans for workforce consolidation. TCWEC was responsible for strategic planning and oversight of all of the state's workforce-related programs, including adult education/literacy, job training, work-related education, welfare employment, and others (which remained in separate state agencies). The ensuing consolidation plan fell short of recommending major changes in structure and service delivery, opting instead for a 'virtual' solution, which set the stage for more decisive legislative action in 1995.

Gaining Ground, a Texas Performance Review Report produced by Texas Comptroller's Office for the 1995 legislative session recommended consolidating many of the state's workforce programs into a single agency. HB 1863, which was enacted in 1995, consolidated two-dozen workforce programs into a single new agency, the Texas Workforce Commission, and maintained TCWEC as the state human resource council, now within the Governor's Office. TCWEC's is charged with facilitating development of a workforce system with the following characteristics:

- An employer-driven, continuously improving workforce system responsive to the spectrum of individual employment needs;
- Comprehensive system-wide performance measures that drive effectiveness and accountability
- Universal access to education and skills training that lead to self-sufficient employment, employment advancement and lifelong learning; and
- An educated and skilled workforce that can advance along productive, high skilled, high wage career trajectories.

In 1994-1996, as part of the National Governors Association's multi-state, core definitions and common measures project, TCWEC identified eight core (common) measures of performance cutting across all workforce development programs, elements of which were later incorporated into state measures established by the Legislative Budget Board. In the late 1990s, TCWEC began developing and benchmarking a series of systems measures for use at the state and local level that include comprehensive

workforce development outcomes, capacity-building and customer satisfaction measures (TCWEC, 2000).¹

More recently, the Council has been working with the Governor's Office, the Legislative Budget Board and its partner agencies to implement the provisions of SB 429, a bill passed in 2001 that mandated the "development and use of formal and less formal measures in system performance evaluation, the establishment of two funding formulas, and the inclusion of all agencies with workforce programs in systemic strategic planning" (TCWEC, 2002).² In response, TCWEC, recently renamed the Texas Workforce Investment Council by the 78th Legislature, has been revisiting earlier measures and is intent upon moving beyond common measures towards true system measures.³

Design and Implementation

Texas system measures have been undergoing revision and refinement in step with the system itself as it deepens partnerships, successively improves its strategic plan, and generally increases capacity. The current generation of Texas measures emerged in 1999 and is being further refined in 2003 as TCWEC develops the third strategic plan for the Texas Workforce Development system. For this system strategic plan, which will span FY 04- FY 09, negotiations and decision-making involve Council members and staff, and other state agency partners, as well as local Board members and staff through the Workforce Leadership of Texas, a membership group

Box A Strategic Plan Goals

Business-driven system

A dynamic, integrated and ever-improving business-driven workforce development system where and employers and individuals have ready access to a network of information and services responsive to their unique employment needs.

Accountability

An operational, comprehensive system-wide set of performance measures to monitor, evaluate, and improve the effectiveness and accountability of the workforce development system.

Texans in transition

Texans have access to obtain the literacy, education, and workplace skills necessary for self-sufficient employment and advancement and life-long learning.

Incumbent workers

Texas workers have the educational and occupational skills for employment advancement in meaningful, challenging, and productive higher-skilled, higher-wage careers and the educational foundation for life-long learning.

Youth

Texas youth are empowered with the knowledge, skills, and behaviors necessary for employment and economic independence in higher-skilled, higher-wage careers and life-long learning.

Source: 3rd Annual Report on Implementation of the Texas Workforce Development Strategic Plan FY 2000-04

¹ TCWEC noted that the much progress is still needed regarding employer-related measures, particularly for a system that is by design employer-driven. TCWEC found "almost no measurement of system performance related to employers." (TCWEC, 2000, p.4)

² Nine agencies fall under the purview of the Act. This includes the five agencies that sit on the Council—the Texas Education Agency, the Texas Higher Education Coordinating Board, the Department of Economic Development, the Department of Human Services, and the Texas Workforce Commission. The four non-sitting agency partners are the Texas Commission for the Blind, the Texas Youth Commission, the Texas Department of Criminal Justice, and the Texas Rehabilitation Commission.

³ For this analysis, we distinguish between system measures that assess the performance of the workforce development system across the entire state as a spatial unit or across all local spatial units (e.g. WIB, local labor markets) within the state and common measures that are applied across multiple federal/state funding streams that comprise the system. Most of the leading-edge states participating in this study have elements of both in their performance measures package.

comprised of Board Chairs and Directors. As a result, a new generation of system measures is currently in draft proposal phase.

The Council originally (1999) framed its system measures conceptually as Business, Labor Market, and Learning measure categories that aligned with the goals established in the state's strategic workforce development plan.⁴ While the alignment process still occurs, the categorization and selection of measures has been reconfigured, and the partner agencies and their associated programs have increased.⁵ For example, a key alignment of measures occurred in 2001, when the Council adopted sets of Formal Measures (Entered Employment, Employment Retention, and Earnings Gains) and Less Formal Measures (Employer Participation, Educational Achievement, Youth Indicator, TANF Indicator, and Customer Satisfaction), which were called for in SB 429. These measures are also aligned to each of the five system goals, and data is gathered from each agency based on availability and the relevance or appropriateness of specific programs to a particular goal.

Achievements related to these goals are assessed by the performance measures. Some measures may apply to more than one goal. Results are reported out annually at the state level, and are broken out by agency and programs. Similar definitions have been developed for each measure and relevant agency. Some measures being reported by multiple agencies have slightly different definitions because of their reporting

Box B: Data Reported by Member/Partner Agencies FY 2000-2002

Goal	Indicator	Agencies
Business Driven System	Participants Entered Employment	TWC TWC, TEA, TEA Adult, THECB, TCB, TRC
	Entered Employment Rate	TWC, TEA, TEA Adult, THECB, TCB, TRC
Accountability	Employer Participation (#)	TWC
	Employer Participation Rate (%)	TWC
	Employment Retention Rate	TWC, TEA, TEA Adult, THECB, TCB
Texans in Transition	Educational Achievement	TWC, TEA, THECB
	Educational Achievement	TWC, TEA, THECB, TDCJ
	Earnings Gains (#)	TWC, TEA, TCB, TRC
	Earnings Gains Rate (%)	TWC, TEA, TCB, TRC
	Educational Achievement Rate	TEA Adult
	TANF Indicator	TDHS
Incumbent Workers	UI Indicator	TWC
	Industry Need Indicator	TSSB
	Earnings Change Rate	TWC, TEA Youth, TCB, TRC
Youth	Educational Achievement	TEA, THECB, TYC
	Youth Indicator	TWC, TEA, TYC

Source: 3rd Annual Report on Implementation of the Texas Workforce Development Strategic Plan FY 2000-04

⁴ This planning involves a shared vision, strategic alignment, and accountability across education, workforce and human services agencies as called for under state law.

⁵ Originally, that plan concerned a few less state agencies. Since SB 429, the Council has responsibility for system measures applied to the nine agencies identified by the Comptroller's Office to be substantially involved in education, training, or employment services for current or future jobseekers and business.

requirements and agency-specific language (TCWEC, 2002).

There is little interest in substate reporting, although, in principle, TCWEC supports Board efforts to develop local system measures, including the Return-on-Investment measure to which most of them are committed. TCWEC instead has chosen primarily to focus on measure development and reporting at the state level, across nine state agencies with workforce programs.

<p>Box C</p> <p>System Performance Scorecard</p> <ol style="list-style-type: none">1. Entered employment rate2. Employment retention rate3. Earnings gains rate4. Percent of program participants receiving a degree or credential5. Number of individuals served (participants and employers) <p>Source: 3rd Annual Report on Implementation of the Texas Workforce Development Strategic Plan FY 2000-04</p>
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For FY 2002, the Council also introduced a “system performance scorecard,” which had been recommended by staff of the State’s Sunset Commission. The scorecard is an attempt to portray system progress beyond categorical agency/program results associated with the common measures used for the bulk of the annual report. The five scorecard measures are shown in Box C.⁶

The actual number of participants in each program is the basis for weighting each agency’s data. The Council recognizes the limitations of this method as it generalizes across initiatives, some of which serve populations for which these outcomes are less valued, but nonetheless believes it serves as a vehicle for system

awareness and provides a broad snapshot of system attainment.⁷

Confidentiality of student records has been a barrier for some measures. Others, like a School-to-Career measure will fade with the demise of that program (which is solely federally-funded in Texas). The Council has also been struggling to establish system performance measures with a clear focus on employers well beyond the WIA and Wagner-Peyser customer satisfaction measures. It collects data from TWC suggestive of market penetration, namely the number and rate of employers who post jobs on the system, and has probed others, such as the median cycle time to fill a job order, which was dropped because of data unavailability. The Council will continue to address these issues in its current round of system strategic planning.

As noted earlier, as a result of the 2003 strategic planning process, the Council is further clarifying its approach to system measurement by considering a tiered model. Tier 1 System Measures would encompass the five measures now found in the scorecard. Tier 2 Strategy Critical Measures would include ten or so measures linked to agency strategies that will help prepare individuals for success such as secondary drop-out and retention rates or postsecondary articulation rates. Tier 3 System Action Plan Specific Measures would attempt to assess cross-agency progress toward specific system milestones and

⁶ TWC also produces a “scorecard” as part of its monthly performance report for 17 WIA measures at the Board level.

⁷ WIA Youth and clients of the Texas Commission for the ~~Blind, as~~ Blind, as well as the Texas Rehabilitation Commission, ~~are, are~~ subgroups for which the Council has recognized the limitations of employment entry and retention measures.

objectives, as well as program-specific links to Tiers 1 and 2. The purpose of this tiered approach would be to enhance shared accountability for strategies and outcomes across agencies that reinforce an institutional culture shift towards system development.

It is noteworthy that several local workforce Boards, including those in El Paso (Upper Rio Grande) and Houston (Gulf Coast), as well as the Workforce Leadership of Texas (WLT), the statewide association of workforce Board chairs and directors, have initiated serious efforts to develop and implement systems performance measures (e.g., Workforce

Leadership of Texas, 2001 and 2003). These efforts have produced very similar results in terms of key system “end” statements and their associated measures, as shown in Box D.⁸ Several local Boards are actively pursuing data sources to support their new system measures, while eighteen of Texas’ twenty eight Boards now have both 5- and 10-year taxpayer-perspective ROI estimates (preliminary) that they can utilize locally.

Box D

Texas “End” Statements

End #1 A Better Educated and Skilled Workforce

End #2 More Competitive Employers

End #3 More and Better Jobs

End #4 Higher Per Capita Earnings

End #5 Return on Investment (overall)

Source: Workforce Leadership of Texas (2001)

Data Collection and Management

Each participating agency provides the Council with results drawn from its own administrative data. The Council then prepares the annual report and the scorecard. At the end of each state fiscal year, Council staff sends each partner a template that identifies the requested data. The Council itself houses no data. State law and memoranda of understanding (MOUs) facilitate the data-sharing process. The Workforce Integrated System of Texas (TWIST) System is used by TWC and the local Boards to track participation and outcomes from locally delivered programs across the state. TWIST regularly matches participant data with UI wage records. TWC’s Career Development Resources (formerly the Texas SOICC) historically tracked learner outcomes, including educational attainment and employment outcomes, but this effort is presently undergoing significant delay while a working solution can be found to the student confidentiality concerns regarding data sharing between the TWC and the state’s education agencies.

Educational achievement measures remain agency-specific because of a narrow Texas interpretation of the Family Educational Rights and Privacy Act (FERPA) regarding the re-release of student data, pursuant to recent (January 2003) U.S. Department of Education guidance. As a result, CDR has been unable to access data held by both the Texas Education Agency (TEA) and the Texas Higher Education Coordinating Board (THECB) and is unable to determine employment outcomes for students from UI wage records, federal and military employment, or other databases.

⁸ This is not surprising given that these Boards are also active in WLT and its performance measurement initiatives and that current and former Ray Marshall Center staff have provided active research and management support for these efforts.

In order to provide for continuation of the student learner outcome evaluation system, TWC agreed to release the UI wage data to THECB to run the data matches for both THECB and TEA, backed by an MOU. It has yet to be determined if, in implementation, the MOU has been a sufficient remedy to address the data-sharing needs and concerns of the three agencies. The recent federal interpretation of FERPA has discouraged those attempting to bridge education and job training initiatives in a comprehensive and accountable workforce system.

Texas is also concerned with the 4-5 month time lag required to retrieve post-exit UI wage records from the preceding 6 month period, as well as the unknown number of exiters who may have found work not covered by UI in the state, e.g., the self-employed, those in other states, and those who reside in Texas but work in an adjacent state. Texas, along with nearly half of the other states, voluntarily participates in the Wage Record Interchange System (WRIS), which can partially alleviate these shortcomings. The Council hopes that the Employment and Training Administration's August 2002 decision to fund WRIS will encourage the remaining states to join (TCWEC, 2002).

Uses & Consequences

Texas's system measures are inextricable ingredients of the strategic planning process that are used to assess system accomplishments and improvements in capacity. The annual reports and scorecard are used to inform the Governor, legislature, agencies, and the interested public. They are not used simply as additional measures under WIA.

Outcomes are reported for the state as a whole and are selectively broken out by agency, program, and, at times, target populations. The main impetus is to push for workforce system growth and development. There is no attempt to tie the system measures to incentives or sanctions. SB 429 has facilitated system capacity by authorizing the Council to develop appropriate measures and by requiring broad agency participation.

Lessons Learned & Future Plans

The Council intends to further pursue the development of system measures that are aligned with its strategic goals and operational objectives. It will continue developing employer measures, validating current measures, and removing disincentives to full partner participation in system development and accountability.

While FERPA and some data sharing issues have clearly impeded their progress, Texas' system performance measures have enjoyed the strong support of the Governor's Office, the key state agencies, the Legislative Budget Board, and the Sunset Commission.

Despite the current budget crunch, the Council does not foresee lack of funding as a major barrier to continued development of system measures. The shortfall may affect agencies in the short run, but the functions related to system measures are part of ongoing operations and are reinforced by state law. As required by SB 429, the Council also developed two methodologies for funding the system performance measures effort. To ensure continued funding for the student learner outcomes evaluation system required under state law, in March 2002, the Council endorsed a proportionate cost-sharing

formula based-on the number of agency administrative records processed, similar to that which CDR had previously used.

The process of developing system measures has been a successful trust-building exercise between agencies with somewhat divergent missions. Progress in developing the measures has helped Texas improve workforce planning and strategy through actions that enhance system building across the array of agencies and programs serving diverse populations that reside across this large and regionally varied state. Texas has learned that, as a key administrator at the Council stated, “Common measures do not a system evaluation make.” The state is moving beyond common measures toward comprehensive system evaluation and measurement.

References

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